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U.S. DISTRICT COURT  
LOS ANGELES  
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FILED

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
Plaintiff,  
v.  
MICHAEL EDWARD MCCREADY,  
Defendant.

CR No. 09 01066  
I N F O R M A T I O N  
[15 U.S.C. §§ 78j(b), 78ff:  
Securities Fraud]

The United States Attorney charges:

COUNT ONE

[15 U.S.C. §§ 78j(b), 78ff]

At all times relevant to this information:

1. Defendant MICHAEL EDWARD MCCREADY ("Defendant MCCREADY")  
was a licensed securities broker and investment advisor.

2. Defendant MCCREADY owned, operated, and controlled a  
securities brokerage and investment advisory business that operated  
under several business names, including McCready & Associates.

MRW/mrw

1 Defendant MCCREADY and his business were associated with, and  
2 purported to clear trades through, several national registered  
3 brokerage firms. The primary place of defendant MCCREADY's business  
4 was in Beverly Hills, California.

5 3. From in or about 2004 through in or about 2009, in  
6 Los Angeles County, within the Central District of California, and  
7 elsewhere, defendant MCCREADY, aided and abetted by others known and  
8 unknown to the United States Attorney, knowingly and willfully,  
9 directly and indirectly, and in connection with the purchase and  
10 sale of securities: (1) employed a scheme to defraud; (2) made  
11 untrue statements of material fact and omitted to state material  
12 facts necessary in order to make the statements made, in light of  
13 the circumstances in which they were made, not misleading; and  
14 (3) engaged in acts, practices, and courses of business that  
15 operated as a fraud and deceit, and used the means and  
16 instrumentalities of interstate commerce, the mails, and the  
17 facilities of a national securities exchange in furtherance of the  
18 fraudulent scheme.

19 4. Specifically, between 2004 and 2009, defendant MCCREADY  
20 took in millions of dollars from clients by purporting to operate a  
21 legitimate brokerage and investment advisory firm. Defendant  
22 MCCREADY told his clients that he would invest client funds in  
23 traditional securities such as individual stocks, bonds, mutual  
24 funds, and annuities.

25 5. Defendant MCCREADY also claimed that he created and  
26 managed a hedge fund called "Horizon Opportunity Fund." The Horizon  
27 Opportunity Fund purported to engage in sophisticated and profitable  
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1 investments involving securities referred to as interest rate  
2 spreads.

3 6. In reliance on defendant MCCREADY's statements that  
4 defendant MCCREADY intended to invest client funds in these  
5 securities, clients sent money to accounts that defendant MCCREADY  
6 established for them at his business.

7 7. Defendant MCCREADY regularly informed clients that their  
8 funds were in safe, legitimate, and profitable investments that he  
9 was monitoring and managing, including the Horizon Opportunity Fund.  
10 Defendant MCCREADY conveyed this information to clients in personal  
11 meetings and in written account statements that defendant MCCREADY  
12 sent to clients via e-mail.

13 8. In truth and in fact, defendant MCCREADY did not manage  
14 client funds as he represented. During the period 2004 through  
15 2009, defendant MCCREADY did not purchase the securities he  
16 identified in the written account statements or verbal discussions  
17 with clients. Further, defendant MCCREADY never operated the  
18 Horizon Opportunity Fund that he marketed to clients. Defendant  
19 MCCREADY never disclosed this information to clients.

20 9. Instead, defendant MCCREADY deliberately misappropriated  
21 client funds and converted the funds to his own use without telling  
22 his clients. Defendant MCCREADY used client money to pay his  
23 personal expenses, overhead expenses of McCready & Associates, and  
24 costs of unrelated business ventures. Defendant MCCREADY also used  
25 client funds to repay other investors via bank wire transfers,  
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1 | thereby deceiving clients into believing that they were receiving  
2 | profits on their investments.

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4 | GEORGE S. CARDONA  
5 | Acting United States Attorney

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7 | CHRISTINE C. EWELL  
8 | Assistant United States Attorney  
9 | Chief, Criminal Division

10 | DOUGLAS A. AXEL  
11 | Assistant United States Attorney  
12 | Chief, Major Frauds Section

13 | MICHAEL R. WILNER  
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